



**EXECUTIVE BOARD
Committee Meeting Minutes**

**Wednesday, October 3, 2018
IRMA Office
9:30 a.m.**

PRESENT: Jessica Frances, Chair
Peggy Halik
Lisa Scheiner
Eric Helm
Bridget Wachtel
Julia Cedillo
Michael Braiman

ALSO PRESENT: Margo Ely
Dan LeTourneau
Jennifer Swahlstedt
Susan Garvey
Rita Boserup
Donna Sluis

ABSENT: Kathleen Gargano
Michelle Robbins

I. CALL TO ORDER

Chair Frances called the meeting to order at 9:32 a.m. Roll was taken, and a quorum declared.

II. APPROVAL OF MINUTES – May 30, 2018

Frances asked if anyone had any comments/questions on the minutes. Hearing none, a motion was made by Halik and seconded by Helm to approve the May 30, 2018 meeting minutes. A voice vote was called, and the motion carried.

III. INFORMATIONAL ITEMS

A. Reports for information only, found in the Member Section of the IRMA website – <http://www.irmarisk.org/Publications/IRMA-Reports.aspx>

- IRMA Financial Statements
- IRMA Investment Portfolios
- IRMA Payables
- 2nd Quarter Investment Performance Report
- Membership Recruitment Report

B. Standing Committee Reports

Membership Relations Committee

- Village of Westchester-Notice of Withdrawal Status

Wachtel reported that Westchester voted to withdraw from IRMA and had hired a new manager and finance director. The Village then began a process to decide if they were going to rescind their Notice of Withdrawal. The night before the MRC meeting, they had a board meeting on the 11th and IRMA was supposed to be on their board agenda, but it did not make on the agenda. There was no discussion after that meeting. Ely stated we are proceeding with the 2019 budget with Westchester withdrawn.

- Member Marketing & Retention
- Village of Tinley Park-Withdrawn on January 1, 2019
- 2018 Summer Safety Intern Program – Final Overview
- Workers' Compensation Focus Program – 2nd Quarter Results

Administration & Finance Committee

- No informational items.

Training & Education Committee

September 5, 2018 meeting was cancelled.

Coverage, Claims & Litigation Committee

- Litigation Successes

IV. CHAIR'S REPORT - FRANCES

- **Announcement of Formation of Nominating Committee for 2019 Officers (Immediate Past Chair – Gargano)**

Frances reported that Gargano is preparing the nominations for the 2019 officers. She has individuals listed already accept for the At-Large Representative. At our upcoming Board meeting she will be soliciting to those that would be interested.

V. ACTION ITEMS

A. MEMBERSHIP RELATIONS COMMITTEE – WACHTEL

1. Revision to Statement of Guidelines for Membership Selection, Withdrawal & Expulsion

Wachtel reported this a revision to the Statement of Guidelines for Membership Selection, Withdrawal & Expulsion. A member must provide at least 120 days written notice of withdrawal from the pool. However, to be eligible for return of their member reserve, members must provide 9 months written notice of withdrawal. Our statement of guidelines allows a member 60 days to rescind their notice and if you recall we've recently had members issue a 9-month notice of intent to withdraw but they also asked that they be provided additional time to rescind the notice. The Statement of Guidelines revision provides that members can rescind their notice of intent to withdraw up until August 31st, subject to approval by the MRC and Executive Board. There are also some housekeeping revisions within the policy. A motion was made by Wachtel and seconded by Braiman to approve the staff's recommended revisions to the IRMA Statement of Guidelines for Membership Selection, Withdrawal & Expulsion. The motion carried.

2. 2019 Preliminary Budget

Wachtel reported the MRC had two (2) line items to the budget. We are increasing the Legislative & Marketing budget from \$10,000 to \$20,000 to cover the cost of additional marketing including conference sponsorship and attendance. The Unemployment Claims Administration budget has a small increase from \$14,000 to \$15,000 including accounting for the withdrawal of

Tinley Park, the addition of Mount Prospect and the small annual contractual cost increase. A motion was made by Wachtel and seconded by Cedillo to approve the 2019 MRC Preliminary Budget. The motion carried.

B. ADMINISTRATION & FINANCE COMMITTEE – HELM

1. Consideration of a Contingency Fund and Interest Income Credit

Helm reported the next two items are kind of lengthy and the discussion may go back and forth between pages 38 and 46. We are looking for your feedback and your thoughts on that discussion. Ely reported it was a very extensive, active and interesting conversation on this item. The reason for the discussion was because of the large interest income we have this year. After the AFC's discussion, we now have \$31 million, after counting the \$3 million for the APCC loan fund. When you look at the tables on pages 46 and 47 you will see that difference. Ely went over the tables with the committee. The AFC was very decisive that \$20 million should be reserved for a Contingency Fund and the \$11 million should be given back to the members as interest income for this year. The committee wanted some objective criteria to reference when considering rate stabilization in any given year. Staff will be bringing back a Contingency Fund Policy that will identify the potential use of the funds. After lengthy discussion, it was agreed that one fund is appropriate, rather than multiple funds. Further, the Executive Board later directed that the consideration of the Contingency Fund be included in the 2019 strategic workshop discussion.

2. 2019 Personnel Report

Helm reported the recommendations is to approve the 2019 salary ranges, a 3% merit increase and a .005% bonus program to recognize IRMA employees. There was a suggestion that we may consider increasing the bonus fund in the future. A motion was made by Helm and seconded by Braiman to approve the 2019 Personnel Report. The motion carried.

3. 2019 Preliminary Budget

A motion was made by Helm and seconded by Cedillo to approve the 2019 Preliminary Budget. The motion carried.

4. Resolution for Health Insurance Payments as IMRF Earnings

A motion was made by Helm and seconded by Braiman to approve the Resolution for Health Insurance Payments as IMRF Earnings. The motion carried.

C. TRAINING & EDUCATION COMMITTEE – ROBBINS

September 5, 2018 meeting cancelled.

D. COVERAGE, CLAIMS & LITIGATION COMMITTEE – CEDILLO

1. 2019 Coverage Renewal

Cedillo reported the action being requested is to review and approve the 2019 Excess & Reinsurance Coverage Program renewal. Cedillo gave an analysis of the program to the Executive Board. LeTourneau reported on the rate deductions and the overall savings. A motion was made by Cedillo and seconded by Helm to approve the 2019 Excess & Reinsurance Program Renewal. The motion carried.

2. 2019 Claims Audit Recommendation

Cedillo reported the action being requested is to approve the selection of NiiS to complete the 2019 Claims Audit at a cost of \$14,175. IRMA's Bylaws requires that we go through a claims processing audit every 3 years. The last audit was in 2016. We had interviews with the firms and as a result of that process we selected Northshore. The benefits of going with Northshore besides the pricing they provided a few recommendations regarding the claims processing. A motion was made by Cedillo and seconded by Wachtel to approve staff's recommendation to retain NiiS to complete the 2019 Claims Audit at a cost of \$14,175. The motion carried.

3. 2019 Preliminary Budget

Cedillo reported their committee is responsible for the Contractual Services-3rd Party Claims Administration; Contractual Services-Claims Audit; Contractual Services-Insurance Brokerage Consultant Services and Contractual Services – Property Appraisal Services. Cedillo gave a brief overview on each of the 4 areas in the budget. A motion was made by Cedillo and seconded by Halik to approve the committee's preliminary budget for 2019. The motion carried.

4. Expanded Auto Coverage for New Vehicles

Cedillo reported the action being requested is to approve a recommended revision to the First Party Property Coverage-Vehicle damage language that will expand coverage to provide for full replacement value coverage for member covered vehicles less than 1 year old. This enhancement was talked about at the committee's May meeting. The committee was looking for some understanding about the impacts to the budget and cost to the membership. Staff reviewed 3-4 years of historical data of vehicles that would fall within this coverage. This information is included in the packet. There was much discussion with the committee on how to determine the 1 year. It was not a unanimous vote. There was one no vote. After some discussion, a motion was made by Cedillo and seconded by Helm to revise the First Party Property Coverage-Vehicle Damage language that will expand coverage to provide for full replacement value coverage for member covered vehicles up until one year after the model year. The motion carried.

5. Coverage Changes
 - A. Law Enforcement Activities
 - B. Employment Practices

Cedillo reported in 2017, in working with Glenview as a potential new member, they hired a consultant to evaluate the coverage that IRMA provides and identified a couple of areas in the coverage document that could use clarification. As a result of the feedback received from that process, staff is recommending a few changes to our coverage to provide some clarity. At the CCLC meeting, the Business Auto Liability coverage was pulled from consideration and will be presented at the November 8th meeting. Cedillo gave a brief overview of the changes in the General Liability and Public Officials Liability coverages. A motion was made by Cedillo and seconded by Braiman to approve the recommended changes to the IRMA General Liability and Public Officials Liability coverages as presented. The motion carried.

6. Claims Policy Statement Reserving Policy Revisions

Cedillo reported that Northshore conducted the audit in 2016 and they made several recommendations to IRMA staff. Staff took those recommendations with regards to claims processing and put them into place. Cedillo went over the revisions to the Claims Reserving Policy. A motion was made by Wachtel and seconded by Helm to approve changes to IRMA's Claims policy to revise the reserving practices provision to comport with staff's practices, which address comments in claim auditor report. The motion carried.

EXECUTIVE DIRECTOR/STAFF REPORT

Consider Strategic Planning Workshop

Ely reported that IRMA should schedule a strategic planning workshop to discuss organizational priorities and create a plan for the next several years and direct staff accordingly. Some of the items for consideration include the Growth; Office Space; Business Model-Internal/External; and Succession Planning. Ely gave an overview of the items for consideration. After much discussion, the Executive Board concurred with staff's recommendation to schedule a strategic planning workshop and to determine the issues to be assigned for further review through the IRMA Committees, or the creation of focus groups. The Executive Board added the consideration of the Contingency Fund to the items for strategic planning discussion.

VI. EXECUTIVE SESSION

Executive Session Minutes of May 30, 2018

A motion was made by Helm and seconded by Braiman to approve the Executive Session Minutes of May 30, 2018. The motion carried.

Pending Litigation

Ely gave an update on the Opioid Litigation.

VII. ADDITIONS TO AGENDA

None

VIII. CONFIRMATION OF NEXT MEETING

Frances stated the next scheduled Executive Board meeting is Wednesday, November 28, 2018 at 9:30 a.m. at the IRMA office.

IX. ADJOURNMENT

At 11:15 a.m., a motion was made by Helm and seconded by Braiman to adjourn the meeting. A voice vote was called, and the motion carried.

Submitted by:

Approved by:

Margo Ely
Executive Director

Jessica Frances
IRMA Chair